CMS Manual System

Pub 100-20 One-Time Notification

Transmittal 169

SUBJECT: Analysis of Systems Improvements to Streamline POS Code Set Updates

I. SUMMARY OF CHANGES: This change request will result in the analysis and documentation of changes needed to streamline the POS code set updating process and, because the hourly estimate is expected to be very large, provide strategies for implementing these changes over multiple releases.

NEW/REVISED MATERIAL :
EFFECTIVE DATE : January 1, 2006
IMPLEMENTATION DATE : January 3, 2006

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R = REVISED, N = NEW, D = DELETED – *Only One Per Row.*

R/N/D	Chapter / Section / Subsection / Title

III. FUNDING:
No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.

IV. ATTACHMENTS:

One-Time Notification

*Unless otherwise specified, the effective date is the date of service.

Attachment – One-Time Notification

Pub. 100-20	Transmittal: 169	Date: July 29, 2005	Change Request 3950

SUBJECT: Analysis of Systems Improvements to Streamline Place of Service (POS) Code Set Updates

I.   GENERAL INFORMATION

A.   Background: As an entity covered under the Health Insurance Portability and Accountability Act of 1996 (HIPAA), Medicare must comply with standards and their implementation guides adopted by regulation under this statute. The currently adopted professional implementation guide for the ASC X12N 837 standard requires that each electronic claim transaction include a POS code from the POS code set maintained by the Centers for Medicare and Medicaid Services (CMS).   As a payer, Medicare must be able to recognize as valid any valid code from the POS code set that appears on the HIPAA standard claim transaction.

The POS code set provides setting information necessary to appropriately pay Medicare and Medicaid claims. At times, Medicaid has had a greater need for specificity than has Medicare, and many of the new codes developed over the past few years have been to meet Medicaid's needs. While Medicare does not always need this greater specificity in order to appropriately pay claims, it nevertheless adjudicates claims with the new codes as much as possible to ease coordination of benefits and to give Medicaid and other payers the setting information they require. However, the adjudication of claims with new codes has generally cost Medicare many systems hours because its systems must not only recognize the codes themselves but also apply them to thousands of procedure codes and apply appropriate policies for procedures and services rendered in the new settings.   With Medicare's many program needs vying for a finite number of hours, Medicare must streamline the updating process to promote the prompt, efficient adoption of new POS codes so that Medicare can comply with HIPAA with minimal strain on the implementation of other program needs. This change request will result in the analysis and documentation of changes needed to streamline the POS code set updating process and, because the hourly estimate is expected to be very large, provide strategies for implementing these changes over multiple releases.

B.   Policy: Unless prohibited by National policy to the contrary, Medicare not only recognizes valid POS codes from the POS code set, but also adjudicates claims having these codes. Although the Medicare program does not always have the same need for setting specificity as other CMS programs, such as Medicaid, adjudicating the claims eases the coordination of benefits for Medicaid and other payers who may need the specificity afforded by the entire POS code set.

II. BUSINESS REQUIREMENTS

"Shall" denotes a mandatory requirement
"Should" denotes an optional requirement

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		FI	RHHI	Carrier	DMERC	Shared System Maintainers				Other
						FISS	MCS	VMS	CWF	
3950.1	Contractors shall analyze and identify the changes needed for business requirements 3950.4 through 3950.8 and the hours needed to implement each, but will not implement these changes through this change request. If more than one change is needed to implement a business requirement, each shall be separately described. While it is understood that most of these changes must occur at the shared systems level, it will be necessary to have the carriers also participate in the analysis to factor in and document any changes they may need to make as a result.			X	X		X	X		
3950.2	Contractors shall document the changes recommended, including hours needed for each change, and provide to CMS.			X	X		X	X		
3950.3	Contractors shall develop, document, and provide to CMS an implementation strategy for implementing the changes identified over multiple releases. Contractors may propose more than one implementation strategy if they believe more than one is viable. The implementation strategy shall reflect both standard systems and carrier level changes.			X	X		X	X		
3950.4	Shared systems maintainers shall eliminate the 1-digit POS code set and the 2-digit to 1-digit crosswalk.						X			

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
3950.5	Carriers shall make the changes needed to use the 2-digit code set.			X						
3950.6	Contractors shall define the POS code set in their systems as being alphanumeric instead of numeric, to anticipate the possibility of the code set eventually including both alpha characters and numbers.			X	X		X	X		
3950.7	Shared systems maintainers shall develop utilities as needed to streamline the addition of new POS codes and to apply appropriate coverage and payment policies to these codes.						X	X		
3950.8	Shared systems shall design such utilities to permit local carrier controlled changes as may be needed to implement local policies.						X	X		

III. PROVIDER EDUCATION

Requirement Number	Requirements	Responsibility ("X" indicates the columns that apply)								
		F I	R H H I	C a r r i e r	D M E R C	Shared System Maintainers				Other
						F I S S	M C S	V M S	C W F	
	N/A									

IV.   SUPPORTING INFORMATION AND POSSIBLE DESIGN CONSIDERATIONS

A.   Other Instructions:

X-Ref Requirement #	Instructions
None	

B.   Design Considerations:

X-Ref Requirement #	Recommendation for Medicare System Requirements
None	None beyond those already stated in business requirements

C.   Interfaces: N/A

D.   Contractor Financial Reporting /Workload Impact: N/A

E.   Dependencies: N/A

F.   Testing Considerations: N/A

V.   SCHEDULE, CONTACTS, AND FUNDING

Effective Date*: January 1, 2006 **Implementation Date:** January 3, 2006 **Pre-Implementation Contact(s):** Claudette Sikora CMM/PBG/DPCP, 410-786-5618; Joanne Spalding, CMM/PBG/DSCP, 410-786-3352 **Post-Implementation Contact(s):** Same	**No additional funding will be provided by CMS; Contractor activities are to be carried out within their FY 2006 operating budgets.**

*Unless otherwise specified, the effective date is the date of service.